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ABSTRACT

Educational finance reform requires greater attention on constraining factors that affect adoption and implementation. A review of Manitoba's school finance program illustrates some of the limitations. The need for and feasibility of change is examined from the perspectives of the central government, the school board, taxpayers, the Department of Education and Training, and field staff. The discussion concludes that reform efforts are related to political realities that limit program implementation. Despite the feasibility and imperative for change, educational finance innovation will not likely occur before the next election. (28 references) (LMI)

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LIMITS ON THE REFORM OF EDUCATION FINANCE
A CASE STUDY

Paper presented to the 1990 meetings of the
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LIMITS ON THE REFORM OF EDUCATION FINANCE: A CASE STUDY

The case we wish to make in this paper is a simple one. We contend that the discussion of educational finance reform has focused too much on the elements of a desirable financing system, and insufficiently on the very significant constraints which face any reform proposal. We contend that finance reform can only be understood, and, indeed, should only be undertaken, with greater attention to the factors affecting both adoption and implementation. We set out, using a particular case, to illustrate some of the limitations on the reform of educational finance, and conclude by drawing some implications for educational finance reformers.

Introduction

The reform of educational finance appears to be never-ending. Jurisdictions are constantly looking at ways of changing their approach to educational finance in order to attempt to strengthen various policy intents, such as equity, excellence, efficiency, local control, or accountability. Finance reform is also motivated, of course, by considerations such as tight budgets, legal issues, and the advent of new program activities.

The finance literature in general is extensive and wide-ranging. We believe, however, that it has underutilized relevant research on policy adoption and implementation, even though there is a recognition that these elements are of fundamental importance to educational finance reform (Garms, 1986). For example, texts on educational finance tend to relegate politics to a single chapter (Burrupp, 1977; Garms, Guthrie and Pierce, 1988; Johns, Morphet and Alexander, 1983). Reviews of finance literature (e.g. Guthrie, 1988) also tend to give relatively little play to political considerations. Finance policy has tended to be regarded as primarily a matter of working out formulas (Barro, 1989). While this may be because of the impact of judicial decisions in the U.S. (Guthrie, 1988), and the subsequent requirement to focus on matters of technique and formula in order to meet judicial requirements, it tends to understate the key role of political and organizational considerations in policy-making.

Constraints on the adoption of reform

There is general recognition that the decision to adopt a new mode of financing education is essentially political, even when the impetus is a judicial decision (Colvin, 1989; Ward, 1988). That is, it will be a political body which decides what reforms, if any, to make. That being said, many discussions of reform do not take into account the limitations which the political process necessarily imposes.

Our analysis borrows heavily from Dror (1986), whose analysis of problems of policy-----
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We wish to acknowledge the helpful comments of Dr. J.A. Riffel (University of Manitoba) and Dr. Peter Coleman (Simon Fraser University) on an earlier version of this paper.

making is, in our view, unsurpassed. We identify four main limitations, recognizing that they are separable only intellectually, and that other formulations could well be developed.

1. The limits of decision-makers' time, attention, and understanding.
2. The difficulty in integrating all the relevant aspects of reform.
3. The limits imposed by political elements on the scope of any reform.
4. The difficulty in dealing with issues of implementation.

Time, Attention and Understanding

Educational finance is a complex issue. Even the simplest finance formula or system (and most are far from simple) must take into account multiple components. On the revenue side, there are questions of the relative balance among revenue elements, both at the district level and at the state or provincial level. This requires consideration of property values, property assessment policies, various other tax sources, and so on. On the expenditure side, the various competing goals of a finance system must be kept in mind. So must the mix of elements (categorical, block, equalization, and other grants), as well as the specific policies to be adopted for each of these elements.

All of this is quite complex enough to fill a long textbook. It will also be relatively unfamiliar territory to many elected officials who will be asked to determine, or at least approve, changes to current practice. Educational finance reform therefore asks decision-makers to acquire a very considerable amount of knowledge in a complex, technical, and sometimes arcane field.

The decision-maker at the state or provincial level must also consider the political dimension of proposed reforms. How will any particular proposal affect various political constituencies? Whose districts will benefit, and whose will lose? How will interest groups react to the various provisions? Given the complexity of the provisions, these calculations are likely to be quite difficult to make. Moreover, while some of the technical aspects of education finance can be explicated through attention to the literature, the weighing of political considerations will necessarily be much more subjective.

Then there is the matter of the place of educational finance reform within a government's overall agenda. As complex and important as it is, finance reform must compete with many other issues facing any administration, many of which will be just as complex, and many of which may well rank higher on the political agenda. Thus, the time which a provincial cabinet, or state governor or legislator can reasonably be expected to devote to understanding finance reform is likely to be very limited. This is not a hopeful conclusion given earlier comments on the complexity of finance as a subject, and the relative unfamiliarity with it of most decision-makers.

Integration of relevant aspects

Not only is educational finance a complex matter, as discussed, but it is intimately related to a variety of other, equally complex issues which, in the best of all worlds, would receive

simultaneous consideration. For instance, it is hard to consider educational finance without considering as well municipal taxation systems, property assessment systems, and levels of taxes generally. There may be important constitutional or legal provisions which affect what is possible in the area of finance. Other levels of government are involved, and their views and situations must be taken into account. Equally, decisions about educational finance cannot be made without attention to the actual levels of spending implied, and, therefore, without consideration of the place and priority of education compared with other areas of expenditure. In Canada, for example, health care is consistently the public's number one spending priority (Morrow, 1985), although there is evidence that education is rising on the agenda (Livingstone and Hart, 1987). Since health care costs continue to rise more rapidly than inflation, relative priorities determine how much money may be available for education finance regardless of the merits of any particular financing scheme. Indeed, it seems evident that lack of money has itself been a powerful motive for changes in financing systems, at least in Canadian provinces (Fleming and Anderson, 1984).

A second entire set of conditions which should be, but frequently are not integrated into policy calculations are those having to do with possible impacts and outcomes. Although it seems reasonable to ask what impact any educational finance plan might have on the actual provision of schooling, or to ask what unanticipated outcomes might result, such questions are not often posed in the policy-making process. Thus, until recently, justifications of educational finance proposals rarely made any mention of their impact at the school or classroom level, or even of the programmtic effects at the district level.

This is despite the fact that we know any policy will not produce all the desired effects, and will produce unanticipated, although not always negative, results (Jordan and McKeown, 1988). Levin (1988) has pointed out the unused potential of cost-effectiveness in determining educational policy, noting the lack of capacity to make use of this tool. Coleman and LaRocque (in press), Hanushek (1986; 1989) and Walberg (1984), among others, have argued that current financing practices are unlikely to have the desired impact on school outcomes, a finding which so far appears to have had little impact on the process of finance change. One possibility is that we lack in the decision-making process the will or the skills to think through questions of impact. Alternatively, there may simply be compelling reasons to discount such questions when the decisions are being made.

In fact, both are likely the case. Dror (1986) notes a number of "policymaking incapacities" (p.131) which involve both features of organizations and features of human thinking. He concludes that

> Currently known core policymaking institutions, including structures and processes and their interactions, have limited maximum performance capacities, error propensities, and resulting incapacities. These result partly from inbuilt characteristics of the process-system and of the materials out of which it is made. (133)

To simplify an eloquent and detailed argument, Dror concludes that, while policymaking incapacities can be reduced somewhat, there are important reasons for believing that they cannot be eliminated or even made negligible. "Many incapacities are shared by all central minds of governments, being in the main common to all contemporary forms of

governments..." (216).

Political constraints

Mention has already been made of the political calculations which will inevitably - and properly - be part of government decision-making on educational finance. Beyond the requirement to calculate, however, political realities impose certain kinds of absolute restraints on the possibilities for reform at any given time. For example, a system in which rural districts represent the majority of members of a legislature militates, no matter what, against reforms which would increase the rural tax burden. A party pledged to no tax increase has automatically foreclosed many options in educational finance. Similarly, the Canadian parliamentary system, with the requirement for solidarity on the part of the governing party, creates certain kinds of political pressures different from those in the U.S. executive/legislative system.

Some might contend that these political elements are an interference with rational decision-making. In our opinion, that view is a misunderstanding of the nature of democracy, in which the decision has been made, for better or worse, to trust these political elements to a greater degree than any competing possibility for decision-making. We do not, however, pretend for a moment that political processes always result in the best, or even good, decisions.

Implementation

There is now a very considerable body of literature on policy implementation, both in education (McLaughlin, 1987) and more generally in public policy and administrative studies (Linder and Peters, 1987; Wildavsky, 1979). If one were to attempt to derive a single lesson from all this work, it would surely be that implementation cannot be taken for granted; that, as noted above, what is intended and what results are often two different things.

Without undertaking an exhaustive review of implementation issues, there would appear to be several which would require careful attention in relation to any educational finance change. These would include the capacity of the system (understood as including people within it) to understand and absorb the change; the willingness of the system to do so,; and the various unanticipated but nonetheless serious impacts which any change necessarily produces. Majone (1975) has argued that policy-making should discard optimal solutions in favour of a stringent focus on feasible choices, which requires careful attention to implementation concerns. "When all ...constraints are taken into consideration, the range of feasible choices turns out to be much more restricted than is usually assumed" (Majone, 1975, 50). Of course, some would suggest that this consideration of feasibility, however flawed, is precisely what political processes accomplish.

Finally, we must make note of another concept of Dror's; one he calls the "high probability of low probability events". In other words, we can predict that in the course of any policy process some very significant surprises will occur, with major resulting disruption. We cannot, however (and by definition) predict which particular surprises these will be.

Given all of this, it should be no surprise that educational finance changes are not necessarily clearly thought out, have multiple and possibly contradictory goals, or are undertaken without adequate attention to the results they will bring in practice. Our perspective suggests that there is no alternative.

In the remainder of this paper, we attempt to illustrate the considerations just advanced through description of a case study of educational finance change in the province of Manitoba. One author was directly involved in management of this change, while the other was a member of the (provincial) Department of Education, but not directly involved in this particular policy initiative.

THE CASE

The Setting

The Province of Manitoba has about 1 million people, more than two-thirds of whom live in or near the capital city of Winnipeg. Only the southern one-quarter of the province is arable farmland, with the remainder being woodland, lakes and tundra.

The province has some sixty school divisions or smaller districts. There are a total of about 200,000 students in 700 schools, about 250 of which enrol fewer than 200 students. Consolidation of school districts occurred more than twenty years ago, resulting in large rural districts. However, declining population and demographic changes have meant that even geographically large districts may have very small and dispersed student populations. This makes pupil transportation a major concern. Over one-half of all divisions/districts had fewer than 1500 students in 1989.

Additionally, school districts vary greatly in size, with the smallest having under 1,000 students, while the largest has more than 30,000. There are great disparities among districts in almost every way - geographic, demographic, economic, tax base, and so on. (However, in comparison to many parts of the United States, per pupil spending and revenue patterns among districts are relatively equal across the province.)

About 5% of Manitoba's population is a Francophone minority, many of whose children undertake their schooling in French. The Canadian constitution gives some particular educational rights to French and English linguistic minority groups. A large number of Anglophone children also do their schooling almost entirely in French as part of an Immersion program. Students from a number of other ethnic groups can study their heritage language in a variety of ways. About 10% are Native Canadians, tending to be found in either the north, in rural reserve areas,or in the inner city of Winnipeg.

About 80% of the funding of public schools in Manitoba is supplied by the province through a rather convoluted set of arrangements (this is exclusive of a large program of

property tax credits, which are normally not seen as education funding even though they act to reduce school tax payable). (For a summary of the current Manitoba financing system, see AEFA, 1988).

Background to Change

The current program of school finance in Manitoba was implemented in 1984, following an extensive public review of the previous system (itself implemented only in 1980). To understand the reasons for three major shifts in less than a decade, the reader should know that Manitoba changed its governing party in 1977, 1981, and again in 1988; each new government has brought forward a new educational finance package.

The current review springs from two major sources, reform of the province's property assessment system, and the recommendation in the 1984 reform that, following three years of operation, the Government Support to Education Program (GSEP) be reviewed. In addition to these formal causes, there had been widespread dissatisfaction with major features of the GSEP, particularly relating to the role of equalization payments, and the degree to which the GSEP is based upon the previous year's expenditures of each school division. This has meant that divisions with low per-pupil expenditures in the base year have been "locked into" their potentially inadequate initial support base.

The review began internally in March, 1986, and initially was coordinated with the assessment reform process through a staff committee, representing five provincial departments and the central government policy arm. After the election of the current government, in APril, 1988, this staff committee essentially ceased to meet, as the ministers and deputies of the concerned departments began to meet more often.

The public aspects of the review commenced in the fall of 1986, with a series of regional meetings with members of The Manitoba Association of School Trustees (MAST), and subsequent meetings with the table officers of the Manitoba Teachers' Society (MTS), and regional gatherings of The Manitoba Association of School Business Officials (MASBO). These meetings were shown an audio-visual presentation designed to sensitize audiences to the major policy issues in education finance in Manitoba.

Staff produced internal reviews of the current GSEP, of the existing education finance mechanisms in North America, and of the many briefs from school divisions, expressing concerns about the current program.

A series of seminars was then held with representatives of the four major groups (trustees, teachers, business officials and superintendents), to discuss their views on the subject. Subsequently, each group submitted briefs outlining their concerns. The Department shared "work in progress" with the groups, with the mandate and support of the Minister and Deputy-Minister. The most recent Throne Speech (early 1989) indicated that the government would be issuing a "consultation paper" on this subject during the 1989 session of the legislative assembly. However, as of this writing (December, 1989), the consultation paper has not appeared.

During the early stages of the review, it was assumed that assessment reform and education finance reform would proceed in tandem, because of their inter-related nature. However, by the fall of 1988, the new government had decided that assessment reform would have priority, and that education finance reform would follow at a later date. This date has never been formally announced. Informally, the Minister and Deputy have indicated that July 1, 1991 is the target date. The four organizations are aware that the consultation paper is in draft form, and have indicated to the Minister their hope that it will be circulated to them for comment and reaction prior to its formal release in the community. The Minister has indicated his wish for further seminars, but as of February, 1990, has not yet directed that these take place.

Major Stakeholders in the Review:

There are four major sets of stakeholders in the review, each with its own concerns. While there are sub-groups to each of the four, the groups and their concerns could be summarized as follows:

* Central government: Concern to control expenditure growth, and reduce unpredictability of fiscal demands. Prefers a structural approach, rather than ad hoc.

* Department: of Education — Has a wide range of program issues including transportation, special needs, gifted, libraries, and guidance to be addressed. Wants the High School Review recommendations taken into account. Recognizes the limitation on funding availability. Sees uneven program delivery across province.

* Providers: Teachers, Trustees, Superintendents, other administrators. See program availability issues, understand cost control problems, value local autonomy. This group has the most internal variety of agendas.

* Recipients: Children, parents. Lobby groups want specific solutions to local issues. For example, parents want more program variety. Lobby groups want "more" of whatever they exist to lobby for. This is the least articulate, and most diffuse of the groups.

To date, only the first three groups have been formally involved in the review, with the exception of some specific groups, such as a library committee of parents in one school, and some advocacy groups which have presented briefs.

Major Issues in the Review

The draft review contains recommendations on the many specific education finance issues which call for attention in the funding review. However, consistent with the observations in the opening section of this paper, the major policy issues from government's viewpoint

are fewer, and different. They have to do with the desirability and feasibility of change, from a fiscal, administrative and political perspective. These questions might be explored under the following headings:

- how imperative is the overall need for change? (central government, school boards, taxpayers)
- how imperative is the need for change from a program perspective? (department and field)
- how feasible is any change which would address the fiscal realities of central government?
- how feasible is any change which would address the program concerns of the department and its clients?

The Imperative of Change:

Central Government Perspective:

Manitoba's overall fiscal situation is that of a relatively poor province. This status is not likely to change in the foreseeable future, for a variety of reasons. Additionally, wage pressures in the education sector will likely increase this year as teachers come off a two year agreement which provided increases below the cost-of-living. This pressure will be increased by impending teacher shortages in Ontario.

In terms of program expenditures, the greatest fiscal pressure facing the Province arises from the health care sector, particularly, but not exclusively, because of Manitoba's rapidly aging population. Debt service costs will also continue to require a significantly larger proportion of current income than was the case a decade ago.

In spite of the major structural fiscal isses noted above, the present funding of the Province's public education system does not appear to reflect the province's underlying financial situation. Manitoba has the lowest pupil-teacher ratio in Canada, at 14.9/1. The average of all provincial PTR's in Canada today is 16.7/1 (Council of Ministers of Education, 1988). The difference between Manitoba's and the average Canadian PTR represents over $60 million in salary costs. Manitoba also spends more than the Canadian average per-pupil, and devotes a higher percentage of gross provincial product (GPP) to education than do other, wealthier, provinces. Our student population is stable, with no significant increase projected.

Education finance literature makes it clear that at least 80% of the variation in per-pupil expenditures can be explained by the pupil-teacher ratio. Thus the structural issue of the PTR is the major policy lever for the control of education costs. Nor is it clear that smaller PTR's provide increased pupil performance. At best, the literature is unclear on this point, while some contend that lower PTR is a very poor use of educational resources (for a

recent treatment of this issue, see Tomlinson, 1989).

Therefore it would seem that, as is the case in many jurisdictions, Manitoba faces economic pressure to restrain expenditure growth in the education sector, in order that funds can be allocated to higher demand areas. To accomplish this politically difficult task, the allocation mechanisms chosen must be, and be seen to be fair and balanced.

School Board Perspective:

While it will always be the case that school divisions will wish for more funding than is available, there are at present some very real problems facing divisions as a result of structural problems in the GSEP itself.

The GSEP requires divisions to provide the first year costs of any new program initiative, with the GSEP providing support from the second year onwards. This means that divisions with the ability to raise local support are able to then attract Provincial support one year later, while those with less local fiscal capacity are less able to do so. Divisions with weak assessment bases can face extreme local tax pressures when raising very small sums of money. This is a problem especially given the very significant differences in local tax base among Manitoba school divisions.

Because transportation expenditures represent a varying proportion of divisions' expenditures, ranging from less than 1% to over 15%, there is a distortion in the program capacity of some divisions. If two divisions spend about the same per-pupil in overall terms, but the first one requires 15% of this total for transportation, clearly the second division has a greater capacity to provide programs to its pupils. The GSEP makes no provision for the extreme range in the costs of transportation, special needs services, or any other unevenly distributed cost of education. Coleman (1987) has suggested that uncontrollable costs are primarily due to geographic factors, that they account for a high proportion of cost variation among districts, and that the concept of mean grade size is a good proxy for such costs.

The GSEP is linked to divisional spending in the previous year, and ultimately, in the base year of a preceding program, the Education Support Program (ESP). Thus, divisions with low base year per-pupil expenditures require more local initial spending to reach average spending per-pupil levels.

Equalization grants are tied to the balanced assessment per-pupil. While this is a logical measure of the ability of a division to raise funds from its local tax base, it works against those divisions with declining enrolment. As their enrolment drops, their balanced assessment per-pupil rises, making them appear to be wealthier, and less in need of equalization. In fact, their actual costs do not decline in step with enrolment, and their per-pupil costs often will increase.

Finally, the GSEP contains no provisions for services such as libraries and guidance teachers which are generally now considered necessary in a modern education system. While support for such services could be introduced via categorical grants, this would add

excessively to the costs of the system, since many wealthier divisions are now providing these services through their local levy. Others, with weak levy bases, cannot afford to do so.

On the basis of the above issues, it would appear that there is an imperative for education finance reform from boards' perspectives.

Taxpayers' Perspective:

Ultimately, all of the costs of education come from taxpayers in one form or another. However, the property tax provides about 44% of the costs of public education in Manitoba. This tax is offset by a complex set of tax credits delivered through the income tax and property tax system to various target groups. About 50% of the tax credits are neither income dependent nor related to the level of the property taxes in question. Over the years, the tax incidence levels have shifted so that particular groups, (such as residents of rural towns and villages) pay almost no property taxes for education, while others, (such as land intensive farmers) pay very high levels of education taxes. Taxpayers in adjoining school divisions can pay radically different rates, while enjoying roughly the same educational services. In overall terms, about 50% of the property tax burden is offset by tax credits. However, this reduction is not shared equally by all taxpayers.

In response to the perceived high levels of farm education taxation, and the increase in rural education tax rates, some 70 rural municipalities have endorsed a call for major reform of education finance. There are signs that this call could turn into a "tax revolt" if no action is taken by government in the near future.

Departmental Perspective:

The Department of Education and Training has the responsibility of disbursing funding for public education in a manner which is fair, and assists divisions to provide programs which are relatively consistent across the Province. Under the present GSEP, program levels are very inconsistent, and there are significant inequities in regard to transportation, special needs, library and guidance services. Local mill rates are subject to extreme pressure, particularly in divisions with declining enrolment, small population, and low assessment. It is doubtful that the GSEP is adequately responsive to the many issues facing the Department at this time.

Field Perspective:

The staff who deliver education services to Manitoba's children generally agree that there are significant disparities in regard to education programs and opportunities across the Province. Through local and provincial organizations, they have made repeated calls for funding which addresses these disparities, as noted in this paper.

The Feasibility of Change:

Central Government Perspective:

Manitoba's central government agencies have been calling for increased levels of accountability from line departments for the achieving of specific program goals with the assigned funding. At the present time, there are no clear program goals in the Department of Education against which assigned funding levels can be tested. In effect, there are few elements linking system goals with funding, program levels, and outcomes at any level of the system.

This is not a recent problem, but rather stems from what might be termed "benign neglect" dating from the re-organization of school division boundaries in the mid 1960's. No government since that time has seen public education as a major priority in terms of policy. While funding has been generous, it has been mechanistically distributed, so that current program direction is totally divorced from funding measures. Successive governments have appeared quite unconcerned with any sense of educational outcomes, to the point that central records of student achievement are in a chaotic state. Indeed, several years ago, a previous government suggested that there was no need whatsoever for such records.

THus, one major problem with the GSEP from this perspective is that it is a fiscally driven system, with few program or service level goals informing its funding provisions. Hence, it is actually incapable of serving as a funding mechanism in a system which seeks to develop program accountability for funding levels. In other words, it cannot serve the current goals of central government for accountability.

In the late 1960's, a variety of program driven funding systems emerged to deal with this conceptual problem in public administration. These were called "Program Planning and Budgeting Systems" (PPBS), or "Zero Based Budgeting Systems"(ZBBS). Manitoba's Provincial Estimates (Budget) system embodies some elements of these approaches, calling for descriptions of service levels, and volumes of services to be delivered with given funding levels.

Education finance faces these same pressures to develop more accountability and equity in funding programs. The best known response appeared to be the work originating in Illinois on "Resource Cost" funding. This model can be viewed as the education equivalent of a PPBS system. It requires specification of service levels to be supported by state funding, and determination of the costs of supporting that service level for each division, in order to calculate the funding support which that division will receive.

The major problem with this system is its potential complexity, if the process of determining service costs in each division is taken to a fine level of detail. For example, if the system requires that classroom supplies be costed at a local school level, the bookkeeping process would become excessively cumbersome. However, the vast majority of education costs are in the form of salaries, transportation expenditures and plant operation costs. From computer modelling done by Manitoba Education, it appears that well over 90% of the

costs of service levels can be obtained reliably from existing data. The cost-benefit of further specifying the remaining 10% is doubtful.

Therefore, it is reasonable to conclude that it is feasible for Manitoba to develop an alternative program based funding system with the existing FRAME (Financial Reporting and Accounting in Manitoba Education) data base, and to obtain a satisfactory level of accuracy with regard to the costs of service for each school division.

Departmental and Field Perspective:

The Department and field perspectives on this issue are identical with that of the central government. Over the past few years, most divisions have developed increased financial management capacity, and are comfortable with the FRAME system. While weaknesses remain in the consistent allocation of expenditures to the appropriate FRAME category, this may well reflect the fact that, at present, there are no incentives to increase accuracy, because the FRAME data do not appear to be central in the determination of funding levels in the GSEP.

In sum, structural reform of Manitoba's education finance system would appear to be warranted from the field, departmental and central government perspectives. Reform is feasible, and has been demonstrated by the development of a fully functional model of a modified resource cost funding system. There is significant support from three of the four major organizations for a program based funding system, with the fourth group, the superintendents, split on the issue. Finally, a program based approach, with explicitly stated service levels, offers Manitoba direct control over the major cost factor in education, the pupil-teacher ratio. In short, the elements for a significant reform appear to be in place. The question is, why has reform not proceeded?

Political Realities and Incapacities:

At this point we return to the intial section of our paper, and wish to indicate how the constraints and incapacities earlier described have worked in this particular case.

Educational finance reform has suffered precisely because it is a complex, relatively difficult to grasp matter. Especially with the advent of a new government, Cabinet ministers needed time to acquire at least a rudimentary understanding of the finance system and possible alternatives. In Manitoba's case, educational finance reform was not a significant part of any party's commitment during the last election, and has not been high on the government's political agenda.

This problem was exacerbated by the limited ability of either the Department of Education or the Department of Finance to project the implications of various changes over the medium to long term. In general, bureaucratic units have tended to assume the continuance of relatively similar policies, and have difficulty responding to questions about what might happen under quite different rules and conditions. The capacity to provide

sound advice is therefore quite limited. When the finance unit in Education did develop a reasonable approach to long-term forecasting, however, it found that the interest in such projections among politicians and political staff was not very high.

A central problem of the reform is, in fact, related to the change in government in 1988. The finance reform was conceived and initiated under the previous government. Both the substantive content of the proposed change and the process of discussion and implementation were conceived under a particular set of political conditions, and with a particular group of policy makers in mind. The process was well advanced when the election came. With the change in government, many of the fundamental parameters shifted, but the review strategy was not altered officially - no doubt in part because the new Minister did not at first see clearly the various implications of the review, and therefore could not give direction about change. The tremendous pressure from so many sides and on so many issues which immediately hits a new minister also makes it difficult to devote sustained attention to any particular issue, even one as important as educational finance.

The new government is also attempting to manage a number of very complex issues which have national implications. The agenda is extremely crowded, and the stakes on these national issues, (such as major taxation reform or constitutional reform) are very high. Cabinet has simply not been able to devote the time required for full understanding and discussion of the implications of educational finance reform.

Further, the present government is in a minority situation. That is, the total number of opposition members is greater than that of the governing party. Therefore, the government is vulnerable to defeat at any time. Hence, the primary consideration at present is survival of the government while creating a situation in which a majority can be obtained at the next election. Each policy action is evaluated in terms of that constraint. Thorough-going education finance reform, especially when linked to impending property assessment reform, is likely to be controversial and hard to sell to the public, and hence is to be avoided in a minority situation.

At the political level, the government is composed largely of members from rural constituencies. This means that great weight will be given in decision-making to the interests of rural school divisions, and to particular issues such as pupil transportation. Many of the concerns which actuated the former government, such as the needs of the inner-city, now have a much lower salience.

The government has acted to place a cap on the level of supportable expenditures which would be eligible for equalization payments. In so doing, the government has attained a rough measure of cost control, albeit in a short-term manner. Minority governments are by nature short-term, so this is not perceived as a problem by the government. In the medium term, this cap will serve to exacerbate further the problems experienced by poorer rural divisions, unless other measures are taken to mitigate this effect.

A further barrier to change came with another of Dror's low probability events. Through an unusual and unrelated set of circumstance, three senior staff of one particular school division were catapulted into senior governmental staff or advsiory positions. The Deputy

Minister of Education, a senior advisor to the Premier, and the Chair of the Minister's Advisory Committee on Education Finance, all from the same school division, represent a very considerable influence on government policy. Since the particular school division had some very strong, and not necessarily typical views on many of the major issues involved, it has taken some time for this influence pattern to sort itself out.

Finally, the senior staff involved in bringing about the change were appointed by the previous government, and were viewed with considerable suspicion by the new government. Manitoba has a relatively politicized (by Canadian standards) senior administration, and hence those who initially survive from one administration to the next may still be removed in due course. This in fact happened to one of the authors of this paper, who had been responsible for the finance reform effort. However, because there were no other senior staff with the background which would enable them to take over the process, reform has largely halted in part so that the bureacracy can develope new expertise to compensate for the removal of the former Assistant Deputy Minister.

Conclusion

Thus, in spite of the feasibility of and imperative for change, education finance reform will not likely take place before the next election, and the resolution of the status of the present minority government, if then. In the meantime, advocates of reform would be well advised to keep their powder dry, while awaiting a more felicitous set of political realities. Even then, the road to real reform, as Dror points out, will be fraught with "incapacities", at least some of which will result from new political realities unseen today.

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